(iv) A mechanism may be worked out to reduce the share-holdings of the Financial Institutions in Indian companies gradually to 20 per cent of capital.

(v) Company law should be amended to enable companies to issue non-voting shares.

(vi) Indian promoters should be able to access low cost funds abroad for investment in equity.

(vii) Restructuring including margers and acquisitions and legal processes should be made easier and speedier and set off of the carried order losses in a merger under-section 72(a) of Income-Tax Act should be made authomatic.

(viii) High-cost terms of stamp duty and capital gains tax be brought down.

(c) The suggestions made by the Group and other associations and individuals are examined by the concerned Ministries/ Departments of the Government and are kept in view while formulating Government's economic policy.

Charter of Demands from Industrialists of Bombay Club

1412. SHRI SHIV PRATAP MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether he has received a charter of demands recently from the industrialists of Bombay Club; and

(b) if so, what are the demands and the action so far taken by Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) A group of industrialists met the Finance Minister on 10th November, 1993. In their representation, the group has *inter-alia* pointed out that they are in full agreement with trade liberalisation policies of the Government and the Indian enterprises be strengthened to enable them to play their role in the industrial growth of the country. Suggestions made by the Group include:

(i) Restriction imposed by RBI on banks on landing against pledge of shares be removed;

(ii) Removal of constraints imposed by Sections 370 and 372 of the companies Act;

(iii) Inidan Companies be allowed to issue non-voting shares;

(iv) Reduction of share holdings of the financial institutions in the Indian Companies;

(v) Access to low-cost funds abroad for investment in Indian companies; and

(vi) Introduction of measures for speedier mergers acquisitions.

The suggestions made by the group and other Associations and individuals are kept in view while formulating Government economic policies.

Opening of New Branches for SSIs

1413. DR. NAUNIHAL SINGH:

SHRI SURESH KALMADI:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering a proposal to direct the banks to open special branches catering to small scale industries (SSIs) if so, the details thereof;

(b) how many branches of various banks are likely to be opened to and at what centres, the details thereof;

(c) what are the details of recommendations of the Nair Committee on SSIs; and

(d) whether Government have accepted all the recommendations and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) Under the liberalised policy of Reserve Bank of India (RBI), commercial banks can take decision of their own without the prior approval of RBI for opening of industrial finance, overseas/small scale industry (SSI) branches, RBI has also advised commercial banks to open specialised branches to cater to the SSI clientele in the 45 districts where there are more than 2,000 SSI units. After a suitable interval of time, the process of opening specialised branches on priority basis in another 119 Districts each with more than 1,000 and upto 1999 SSI units will be initiated.

(c) and (d) Hon'ble Members are presumably, referring to Nayak Committee on SSI Financing. One of the recommendations of the Committee is that to discharge their responsibility under the single window scheme, the commercial banks should open specialised branches to cater to the SSI clientele. As already stated above in parts (a) & (b), the banks have been authorised to open such branches without prior approval of RBI.

Slowing Down of Fiscal Reduction Programme

1414. DR. NAUNIHAL SINGH:

SHRI SANGH PRIYA GAUTAM:

Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that recently be made a statement that Governmen would go slow on fiscal reduction programme than drive the economy into a recessionary state; if so, the reasons thereof;

(b) whether the above statement was a clear indication that Government are likely to allow expenditure to increase beyond the projected levels and accept a higher fiscal deficit for 1993-94;

(c) if so, the reasons thereof;

(d) whether the reforms programme has slowed down,

(e) if so, whether it is because of the elections; and

(f) in case the reforms have indeed been put on hold, whether present Government are likely to bring the liberalisation process back on the top of the nation's agenda after the elections are over; if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (f) The Finance Minister in an interview given recently has *inter-alia* observed that he would not with to make a fetish of reducing fiscal deficit in case it adversely affects the level of economic activity. The Government follows a flexible approach to economic reforms and is open to any mid-term corrections which are consistent with the main objective of reform, namely, to bring about rapid and sustained improvement in the quality of like of the Indian people. The pace of fiscal adjustment was affected by the disturbances which accured toward the end of 1992-93 and the recent elections. It would, however, be difficult to quantify their impact.

The Government are committed to the reforms process. The views of different groups on the impact of economic reforms are also elicited. A document captioned [Economic Reforms :' 'Two Years After and the Task Ahead-Discussion Paper' outlining the rationale for the programme of the economic reforms undertaken in the first two years and indicating the reform priorities for the next three years was released recently for this purpose. It is the Government intention to continue with the reforms.